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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 005318

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TAGS: [PREL](#) [PTER](#) [KCRM](#) [KWMN](#) [ETRD](#) [ENRG](#) [BD](#) [IN](#)

SUBJECT: INDIA REVIVES TOP-LEVEL ENGAGEMENT WITH BANGLADESH
BUT SUSPICIONS LINGER

REF: A. NEW DELHI 4330

[B](#). DHAKA BG IIR 6 925 0054

[C](#). NEW DELHI 5048

Classified By: PolCouns Geoff Pyatt, for Reasons 1.4 (B, D)

[1](#). (C) Summary: Meetings between the Foreign Secretaries of India and Bangladesh in New Delhi on June 21-22 provided the first opportunity after a two year gap for the nations' top diplomats to turn around deteriorating relations by airing disagreements, reviving several working groups, and planning for additional exchanges before the SAARC summit in November. Delhi-based analysts observed a sincere interest on both sides to improve relations and believe the GOI has realized the importance of greater engagement with Bangladesh as the first step towards mending the soured fences. The Foreign Secretaries' meeting is an important high-level effort, but

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real progress will require a perception in Delhi that Dhaka is addressing India's security concerns as well as a GOI commitment to hear Bangladeshi grievances and intensify economic cooperation. End Summary.

A Show of Top-level Bonhomie

[1](#)2. (U) Despite the recent border tension and security concerns about insurgents in Bangladesh, Indian media reported that FS Saran's meetings with FS Heymayetuddin, who previously served as Dhaka's envoy to Delhi, were held in a "cordial atmosphere" in which both sides evinced a genuine interest in mending ties. The meetings followed sharp criticism of GOI policy toward Bangladesh (Ref A) and calls from strategic analysts for top-level intervention to address piled-up issues and repair the neighborly rift. Setting a positive tone for PM Singh's visit to Dhaka for the SAARC conference in November, FS Saran personally received his counterpart at the airport and thanked him for the June 16 operation against anti-India military camps in Moulovibazar (Ref B).

[1](#)3. (U) After seven hours of meetings, the Joint Press Statement listed the following results:

-- Agreement to convene the bilateral Joint Working Group on Trade by August 2005, sign the revised Trade Agreement and the Bilateral Investment Protection and Promotion Agreement (BIPPA), and send the Indian Minister for Commerce and Industry to Dhaka.

-- Resumption of meetings of the Joint Boundary Working Groups (JBWG) in August 2005 to consider boundary-related issues such as boundary demarcation and exchange of enclaves and territories.

-- Satisfaction at the commencement of coordinated patrolling by border forces of both countries and Bangladesh agreement to examine the Indian proposal for coordinated patrolling of the feasible sections of the riverine boundary.

-- Need to convene the Joint Rivers Commission in Dhaka and Indian pledge not to take any unilateral action on the Indian River Linking Project which would harm Dhaka's interests.

-- Indian invitation to Bangladeshi delegation to visit in July 2005 to discuss extension of USD 150 million line of credit for infrastructure projects.

-- Explore bus services between Dhaka and Guwahati, Dhaka and Shillong and Dhaka and Siliguri.

Diplomats Agree to Disagree

[1](#)4. (C) The Foreign Secretaries aired their views on other contentious issues, but agreed to nothing beyond future meetings. The Joint Statement reflects differences over the two toughest disagreements, namely border fencing issues and anti-India insurgents. Bangladesh insisted that India's plans to build border fences within 150 yards of the frontier do not conform with the 1975 border guidelines. The GOI requested a high-level meeting on illegal cross-border activity and migration, which Dhaka continues to deny publicly. Delhi stressed the need for greater information

sharing and action against Indian insurgents in Bangladesh, but FS Hemayetuddin did not agree to the Indian request to share intelligence on Northeast insurgents. Mashfee Binte Shams, Counselor at the Bangladesh High Commission expressed satisfaction over the meetings, stressing that the "negatives shouldn't outweigh the progress made in the discussions," but noted that Bangladesh is looking for greater economic concessions from India. FS Saran emphasized to U/S Burns the progress on boundary and trade issues and the agreement to revive several joint working groups (Ref C).

For India, Security Counts

15. (C) The Foreign Secretaries agreed to increase coordinated patrolling as one method to decrease tension and corruption between Border Security Forces (BSF) and Bangladesh Rifles (BDR). According to Shams, coordinated patrolling along the land border has already begun, and Hemayetuddin agreed to examine a new Indian proposal for expansion to the riverine boundary. Institute of Defense Studies and Analyses Associate Fellow Sreeradha Datta told Poloff that this simultaneous patrolling is little more than increasing coordination between the guards regarding where they are at what time of day. She noted that corruption is so endemic on both sides of the border that greater coordination between guards will do little to cut down on the win-win economics of facilitating petty smuggling and illegal migrant crossings.

16. (C) The BDG operation against anti-Indian insurgents one week before the meeting contributed to the improved atmosphere, but did little to ease the ongoing security concerns. Calling the June 16 operation "cosmetic," IDSA's Datta told Poloff that this was a intentionally-timed maneuver before the meetings and not a symbol of commitment to rooting out insurgents. To further beef up security, the "Hindustan Times" reported on the last day of meetings that the India Home Ministry will replace approximately 10 battalions of BSF serving in the Kashmir Valley with the Central Reserve Police Force (CRPF) in order to increase the number of guards available for the Indo-Bangla border.

Improving Relations Through Economic Concessions

17. (C) New Delhi's "carrots" in its Bangladesh relationship are primarily economic and stem from Dhaka's one billion USD trade deficit with India. In the revised Trade Agreement, which has been pending since 1999, New Delhi has offered to extend some economic concessions to Dhaka in the form of duty free entry for additional goods. The details of this agreement, yet to be signed, are not public. The Bilateral Investment Protection and Promotion Agreement (BIPPA) has been under negotiations since 1982, and would guarantee that Indian investments in Bangladesh can't be expropriated, with the hope that other Indian companies to follow Tata's recent investment example. Shams indicated that Dhaka would look more favorably on gas pipeline discussions if Delhi gave transit rights for Bangladeshi goods going to Nepal and Bhutan, facilitated the delivery of electricity from Nepal and Bhutan, and made efforts to reduce the trade gap.

18. (C) Delhi-based analysts viewed this economic leverage as an opportunity for the GOI to make simple gestures to improve quickly the atmosphere and take some pressure off Bangladesh. Professor S.K. Pandey from Jawaharlal Nehru University told Poloff that as the "big brother neighbor," it was the GOI's responsibility to grant economic concessions as the next step towards improving relations. Strategic analyst C. Raja Mohan called on Prime Minister Singh to de-link economic and security dimensions of its policy towards Dhaka in the same way that the GOI de-linked cross-border terrorism and normalization of ties with Pakistan. By refusing to negotiate on the economic aspects until Dhaka acts on terrorism and migration, Mohan observed that India has blocked progress on either front.

A Positive Note or Upward Trend?

19. (C) Indian analysts agreed that the Foreign Secretaries' meeting was a long overdue first step towards improving relations, but differed on their interpretations of results and next steps. Noting the upcoming elections in Bangladesh and the anti-Indian tendencies of the BNP electoral base, the IDSA's Datta speculated that the improved relations would face a ceiling as long as the country was under BNP rule. Dr. Deba Prasad Nanda of Delhi University agreed that the traditionally anti-Indian stance of the BNP would be a limiting factor, but told Poloff that India will need to put more efforts into this relationship to avoid losing a burgeoning market and influence to China. JNU's Dr. Pandey observed that the GOI showed greater maturity by restarting engagement, but needs to take additional steps to fulfill India's role as a stabilizing force in South Asia, primarily through greater economic engagement.

Comment: Its a Start at Least

10. (C) Whether this diplomatic overture spreads to a real improvement of relations will in the short term depend upon the upcoming meetings between the Home, Commerce and Water ministries and on the perception in India that Dhaka is in fact responding to its security concerns. Given the recent terrorist incident in Ayodhya and the media sensitivity to perceived threats from Bangladesh, de-linking economic cooperation from cross-border issues in the current climate will be difficult and could open the Congress to BJP criticism ahead of elections in West Bengal (which the Communists are expected to win). It is also not clear whether the GOI is ready to offer attractive market access to Bangladesh that would improve the latter's economy and reduce the large trade deficit. Increasing concern about, and criticism of, the GOI's Bangladesh policy as well as PM Singh's visit to Dhaka for the November SAARC meetings are all incentives for New Delhi to remain engaged constructively.
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